



Cory Fong  
Commissioner

STATE OF NORTH DAKOTA

## OFFICE OF STATE TAX COMMISSIONER

STATE CAPITOL, 600 E. BOULEVARD AVE., DEPT. 127, BISMARCK, NORTH DAKOTA 58505-0599

701-328-2770

FAX 701-328-3700

Hearing/Speech Impaired 800-366-6888

[www.ndtaxdepartment.com](http://www.ndtaxdepartment.com)

# ANNUAL OIL TRIGGER PRICE ADJUSTMENT

**TO:** North Dakota Oil Producers and Purchasers

**FROM:** Office of State Tax Commissioner

**SUBJECT:** Notification of Oil Trigger Price Adjustment for Calendar Year 2006

**DATE:** December 31, 2005

In keeping with the provisions of North Dakota Century Code (N.D.C.C.) § 57-51.1-01, the Tax Commissioner has determined that the oil trigger price for the calendar year January 1, 2006, through December 31, 2006, is \$39.36.

For your information, the following steps determined the trigger price for calendar year 2006:

STEP 1 - The annual average of the industrial commodities producer price index, commodity code 03 thru 15, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for fiscal year 2005 was computed from the data shown below.

July	2004	148.2
August	2004	149.3
September	2004	149.1
October	2004	151.8
November	2004	153.5
December	2004	152.0
January	2005	152.7
February	2005	153.6
March	2005	155.6
April	2005	157.2
May	2005	156.3
June	2005	156.6
Annual Average		153.0

STEP 2 - A base rate adjustment of 1.10870 was computed by dividing the 2005 fiscal year average price index of 153.0 by the base rate index of 138.0, which was determined using the 2001 fiscal year average (i.e.,  $153.0 / 138.0 = 1.10870$ ).

STEP 3 - The effective trigger price of \$39.36 for calendar year 2006 was computed by multiplying \$35.50 times the base rate adjustment of 1.10870 (i.e.,  $\$35.50 \times 1.10870 = \$39.36$ ).

In accordance with N.D.C.C. § 57-51.1, if the average price of a barrel of crude oil (i.e., monthly average daily closing price for a barrel of west Texas intermediate Cushing crude oil minus two dollars and fifty cents) exceeds the trigger price for each month in any consecutive five-month period, certain exemptions and rate reductions become ineffective. The exemptions and rate reductions are subsequently reinstated if the average price is less than the trigger price for each month in any consecutive five-month period.

The trigger price adjustment is published on the Office of State Tax Commissioner's web site located at: [www.nd.gov/tax](http://www.nd.gov/tax). If you have any questions regarding this notification, please contact the Oil and Gas Tax Section at 701-328-3657 or by email at [oiltax@state.nd.us](mailto:oiltax@state.nd.us).